

HASSAN JEANNE M
80 KINGSTON 877

10/24/81 133453 PRINTER: LI

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 1131

UNCLAS SECTION 1 OF 4 KINGSTON 0877

E.O. 12065: NA

TAGS: PINT,JM

SUBJECT: PRIME MINISTER MANLEY'S BROADCAST TO

REF: KINGSTON 0846

1. FOLLOWING IS THE TEXT OF PRIME MINISTER MICHAEL MANLEY'S

BROADCAST OF FEBRUARY 3:

"FOR SOME WEEKS NOW THE GOVERNMENT HAS BEEN IN VERY INTENSIVE NEGOTIATIONS WITH A TEAM REPRESENTING THE INTERNATIONAL MONETARY FUND. THIS BECAME NECESSARY BECAUSE LAST DECEMBER WE FAILED THE FOREIGN ASSETS TEST WHICH WAS PART OF THE ECONOMIC PROGRAMME AGREED WITH THE IMF.

"AS A RESULT, IT WAS NECESSARY TO APPLY FOR WHAT IS KNOWN AS A WAIVER. THIS MEANS THAT YOU EXAMINE THE REASONS WHY THE ECONOMY FAILED TO MEET THE TARGET WHICH WAS SET IN THE TEST AND DECIDE WHAT ACTION HAS TO BE TAKEN TO CORRECT THE PROBLEM. THE ACTION WOULD HAVE TO BE CONSISTENT WITH A NEW PROGRAMME AND SUFFICIENT CORRECTIVE ACTION WOULD HAVE TO BE TAKEN NOW TO ENSURE THAT THE ECONOMY IS GETTING ON TRACK. IF AGREEMENT IS REACHED ON THE WAIVER WITH THE DIRECTORS OF THE IMF, FOREIGN EXCHANGE PAYMENTS OF \$30 MILLION, WHICH WERE DUE LAST MONTH, WILL BE PAID TO THE BANK OF JAMAICA.

"IT WOULD THEN BE NECESSARY TO WORK OUT THE DETAILS OF A NEW PROGRAMME WITH THE IMF IN WHICH NEW TARGETS ARE SET AND

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FURTHER FOREIGN EXCHANGE IS MADE AVAILABLE. SO FAR, THE NEGOTIATIONS HAVE NOT BEEN DEALING WITH THE SECOND STAGE, IN WHICH THE DETAILS OF A BASIC AGREEMENT IS NEGOTIATED. I SHOULD MAKE IT CLEAR, HOWEVER, THAT THE FIRST STAGE OF THE NEGOTIATIONS, WHICH IS THE APPLICATION FOR THE WAIVER, REQUIRES THAT WE SETTLE THE BASIC OUTLINES OF A NEW PROGRAMME AND THAT WE NOW TAKE CORRECTIVE ACTION TO BRING THE ECONOMY ON TRACK AND IN LINE WITH THE NEW PROGRAMME. THE DETAILS OF THIS NEW PROGRAMME WILL BE NEGOTIATED IN THE SECOND STAGE, BUT ABOUT 50 PERCENT OF THE ACTION REQUIRED FOR THE NEW PROGRAMME WOULD HAVE TO BE TAKEN NOW.

"THERE HAS BEEN A LOT OF ARGUMENT IN THE COUNTRY ABOUT THE IMF AND THE APPLICATION FOR THE WAIVER. ... WANT TO SAY THAT THE REASON WHY THE GOVERNMENT HAS BEEN DEALING WITH

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THE MATTER IS BECAUSE THE FOREIGN EXCHANGE WHICH WAS NOT PAID IN JANUARY AND WHICH WILL BE PAID IN EARLY MARCH. IF OUR APPLICATION IS SUCCESSFUL, IT IS IMPORTANT TO HELP TO BUY DRUGS, FOOD, SPARE PARTS, FERTILIZER AND THE RAW MATERIALS TO KEEP OUR FACTORIES GOING. IN ADDITION, THE OBTAINING OF A WAIVER ENSURES THAT THE COUNTRY IS NOT IN LEGAL DEFAULT IN CERTAIN CONTRACTUAL OBLIGATIONS AND IT MAY ASSIST IN KEEPING SOME OF OUR TRADE CREDITS IN PLACE.

"AFTER WEEKS OF NEGOTIATION, INCLUDING A TRIP BY MINISTERS BELL AND SMALL AND MYSELF TO THE HEADQUARTERS OF THE IMF IN WASHINGTON, IT IS MY DUTY TO TELL YOU TONIGHT THAT THE GOVERNMENT OF JAMAICA AND THE TEAM OF OFFICIALS REPRESENTING THE IMF HAVE NOT BEEN ABLE TO REACH AGREEMENT ON THE TERMS OF THE APPLICATION FOR THE WAIVER. LET ME REPEAT, WE HAVE NOT BEEN ABLE TO REACH AGREEMENT.

"I WANT TO TELL YOU EXACTLY WHY WE DID NOT REACH AGREEMENT AND WHAT WE PROPOSE TO DO ABOUT IT.

"AS I SAID BEFORE, ECONOMIC PROGRAMMES THAT ARE WORKED OUT WITH THE IMF PROVIDE FOR PERIODIC TESTS IN WHICH YOU

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MEASURE THE PERFORMANCE OF THE ECONOMY UNDER THE PROGRAMME. IF YOU FAIL A TEST, YOU EITHER HAVE TO WORK OUT A PROGRAMME OF SHORT-TERM CORRECTIVE ACTION, WHICH MAY BE FOLLOWED BY A NEW PROGRAMME, OR YOU CAN SIMPLY NEGOTIATE AN ENTIRELY NEW PROGRAMME. FOR THE REASONS WHICH I HAVE GIVEN EARLIER, WE HAVE CHOSEN TO APPLY FOR A WAIVER BECAUSE, ONCE THE WAIVER IS GRANTED, THE FOREIGN EXCHANGE WHICH WAS NOT PAID BECAUSE OF THE FAILURE OF THE TEST IS THEN PAID AND, IN ADDITION, THE DEFAULT IS 'WIPE OUT' AND CERTAIN ADVERSE CONSEQUENCES WHICH I HAVE ALREADY MENTIONED ARE AVOIDED.

"EVERY JAMAICAN KNOWS THAT THE COUNTRY IS IN VERY SERIOUS ECONOMIC DIFFICULTIES. BECAUSE OF THIS, WE HAVE TO BE EXTREMELY CAREFUL WITH OUR MONEY AND CANNOT AFFORD TO FINANCE MANY THINGS THAT WE MIGHT WISH TO DO. IN ANY CASE, THERE ARE CERTAIN THINGS TO DO WITH THE MANAGEMENT OF OUR RESOURCES WHICH WOULD BE NECESSARY EVEN IF WE HAD STRUCK OIL AND HAD ALL THE MONEY WE COULD USE.

"THEREFORE, I WOULD LIKE TO ASK YOU TO COME WITH ME THROUGH THREE STAGES: FIRST OF ALL, LET'S EXAMINE THOSE SACRIFICES WE HAVE TO MAKE AND WOULD HAVE TO MAKE EVEN IF WE HAD ALL THE MONEY IN THE WORLD: SECONDLY, THOSE THINGS WHICH WE CANNOT DO, EVEN THOUGH WE WOULD LIKE TO, BECAUSE THERE IS A CRISIS AND MONEY IS TIGHT: THIRDLY, THOSE THINGS WHICH WOULD HAVE BEEN A CONSEQUENCE OF FURTHER REDUCTION OF EXPENDITURE IN ORDER TO SECURE AGREEMENT WITH THE TECHNICAL TEAM OF THE IMF.

"IT IS OBVIOUS THAT THERE HAVE BEEN DEFICIENCIES IN THE AREA OF EXPENDITURE CONTROL AND MANAGEMENT GENERALLY. WE HAVE WORKED OUT NEW SYSTEMS OF FINANCIAL CONTROL AND THESE

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ARE BEING PUT IN PLACE AS A PART OF A GENERAL RESTRUCTURING
EXERCISE AIMED AT MORE EFFICIENT GOVERNMENT AND BETTER
MANAGEMENT OF RESOURCES. WE HAVE ALSO LOOKED AT PRODUCTION
PLANS AND WORKED OUT STRATEGIES WHICH ARE AIMED AT IMPROVING
PERFORMANCE IN AGRICULTURE, INDUSTRY, TOURISM AND THE OTHER
AREAS OF PRODUCTION.

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"WE HAVE TO FACE THE REALITY THAT THE BUDGET CANNOT BE USED TO SUBSIDISE MANY INDUSTRIES AND ENTERPRISES AND, IN SOME CASES, THE CONSUMING PUBLIC. THIS IS SO SOMETIMES FOR GOOD POLICY REASONS OR BECAUSE MONEY IS TIGHT, OR BOTH. YOU WILL REMEMBER THAT RECENTLY WE HAD TO INCREASE VERY SUBSTANTIALLY THE PRICE OF SUGAR AND OF ALL PETROLEUM PRODUCTS. IN THE CASE OF SUGAR WE CANNOT AFFORD TO SUBSIDISE THE INDUSTRY. THE INDUSTRY MUST FINANCE ITSELF, AND THE ONLY WAY IN WHICH WE COULD INCREASE ITS REVENUE WAS BY THE INCREASES THE LOCAL PRICE OF SUGAR. THIS HAS NOT MADE IT A WEALTHY INDUSTRY WITH MONEY TO THROW AROUND BUT, WE HOPE, HAS PROVIDED A MINIMUM BASIS FOR VIABILITY AND WILL ENSURE THAT THE TAXPAYERS DO NOT HAVE TO PAY FOR PART OF THE INDUSTRY'S OPERATIONS THROUGH BUDGET SUBSIDIES, AS WELL AS WHAT THEY PAY AS CONSUMERS.

"IN THE SAME WAY, WE HAVE TO PASS ON TO THE CONSUMER ALL ASPECTS OF OIL PRICE INCREASES THAT ARE DECREED BY OPEC, THOUGH WE HAVE RETAINED, UP TO NOW, A SMALL SUBSIDY ON ONE ITEM.

"THE SAME IS TRUE OF OUR PUBLIC UTILITIES. THE PUBLIC SERVICE COMPANY, TELEPHONE COMPANY, AIR JAMAICA, AIRPORTS AUTHORITY, ETC. ALL PROVIDE VITAL SERVICES TO THE PUBLIC BUT CANNOT BE SUPPORTED BY SUBSIDIES OUT OF REVENUES PROVIDED BY TAXPAYERS. THERE IS JUST TOO MUCH ELSE THAT HAS TO BE DONE IN SUCH AREAS AS EDUCATION, HEALTH AND AGRICULTURAL DEVELOPMENT TO TAKE MONEY FROM THOSE THINGS TO SUBSIDISE THESE

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COMPANIES. AS A CONSEQUENCE, TELEPHONE COMPANY RATES WILL HAVE TO GO UP SHORTLY AND SUBSTANTIALLY. JOS RATES WILL ALSO HAVE TO GO UP. WE HAVE BEEN CARRYING A BIG SUBSIDY ON JOS BUS FARES, IN FACT ALMOST AS MUCH AS ONE FULL YEAR'S EXPENDITURE FOR THE SPECIAL EMPLOYMENT PROGRAMME IN THE RECURRENT BUDGET. IN THIS CASE WE CAN SEE OUR WAY TO CONTINUING SOME OF THIS SUBSIDY BUT NOT ALL OF IT. IN ANY CASE, THAT COMPANY IS GETTING DEEPTER AND DEEPER INTO A LOSS SITUATION AND WILL REQUIRE TREMENDOUS REORGANISATION AS WELL AS SUBSTANTIAL FARE INCREASES IF IT IS TO SURVIVE WITHOUT VAST SUBSIDIES IN THE NEAR FUTURE. EVEN THOUGH FARES WILL HAVE TO GO UP, WE WILL BE RETAINING ABOUT \$9 MILLION OF

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SUBSIDY FOR THIS OPERATION TO TRY TO KEEP THE FARE INCREASE AS LOW AS POSSIBLE.

THE TRUTH IS THAT THE JOST REPRESENTS A SPECIAL PROBLEM BECAUSE, LIKE ALL TRANSPORT ORGANISATIONS, IT IS A VERY HEAVY USER OF OIL FOR ITS DIESEL FUEL. CONSEQUENTLY, ITS OPERATING COSTS ARE HEAVILY AFFECTED EVERY TIME THE WORLD PRICE OF OIL GOES UP. WE WILL BE DISCUSSING WITH THE UNIONS WHICH REPRESENT THESE WORKERS HOW BEST TO ACHIEVE THE SAVINGS WHICH ARE NEEDED. OBVIOUSLY, ALL ASPECTS OF WASTE HAVE TO BE CUT OUT OF THE BUDGET. IN FACT WE HAVE ACHIEVED SOME SAVINGS OVER THE LAST TWO YEARS: HOUSEKEEPING EXPENDITURE IN THE BUDGET AS A PERCENTAGE OF GROSS NATIONAL PRODUCT - EXCLUDING INTEREST PAYMENTS - HAS BEEN SUBSTANTIALLY DECREASED DURING THAT PERIOD. AND WE HAVE CONTINUED TO WORK ON THIS ASPECT OF THE BUDGET. CERTAIN OF OUR EMBASSIES AND CONSULATES OVERSEAS WILL BE CLOSED AND EVERYTHING FROM TRAVELLING TO THE USE OF PAPER WILL BE HELD TO A MINIMUM. A MAJOR RESTRUCTURING EXERCISE IN GOVERNMENT IS NEARING COMPLETION AND WILL LEAD TO MERGING OF MINISTRIES, WITH RESULTANT SAVINGS, AND THE SHUTTING DOWN OF CERTAIN STATUTORY BOARDS AND THE ELIMINATION OF OPERATIONS THAT ARE NOT OF PRIORITY IMPORTANCE.

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"AS FAR BACK AS LAST DECEMBER, I POINTED OUT THAT THERE HAVE TO BE SAVINGS IN THE TOTAL AMOUNT THAT GOVERNMENT SPENDS ON WAGES, SALARIES AND FRINGE BENEFITS FOR CENTRAL AND LOCAL GOVERNMENT EMPLOYEES. THE PROPORTION OF TOTAL TAX REVENUES WHICH THESE PAYMENTS NOW REPRESENT IS TOO HIGH AND TOO LITTLE FOR THE SERVICES WHICH HAVE TO BE PROVIDED IN HEALTH, EDUCATION AND MANY OTHER THINGS.

"WE ARE SATISFIED THAT NET SAVINGS OF \$25 MILLION HAVE TO BE FOUND. WE HAVE A NUMBER OF IDEAS AS TO HOW THIS CAN BE ACHIEVED WITHOUT CREATING HEAVY UNEMPLOYMENT. WE WILL, OF COURSE, TAKE INTO ACCOUNT NOT FILLING VACANCIES, RETIRING CIVIL SERVANTS WHO HAVE REACHED PENSIONABLE AGE, AND OTHER MEASURES WHICH WILL NOT CAUSE UNDUE HARDSHIP.

"IN THE COURSE OF THIS WEEK, WE ARE GOING TO PUT THESE PROPOSALS TO THE UNIONS AND ENLIST THEIR HELP IN FINDING THE MOST APPROPRIATE WAYS TO ACHIEVE THE SAVINGS WHILE DOING THE LEAST POSSIBLE DAMAGE AND HURT TO THE WORKERS CONCERNED.

"ALL THESE THINGS WHICH I HAVE JUST SPOKEN ABOUT WOULD BE NECESSARY IF THERE WERE NO IMF AND NO IMF TEAM IN JAMAICA. HOWEVER, WE HAVE HAD A DIFFERENCE WITH THE IMF TEAM WHICH RELATES TO THE RECURRENT SIDE OF THE BUDGET.

"THEIR OPINION IS THAT THE 1980/81 RECURRENT BUDGET, IF IT IS DEVELOPED AS A NATURAL CONTINUATION OF THE 1979/80 BUDGET WITH DUE ALLOWANCES FOR INFLATION, ETC., WOULD RESULT IN A DEFICIT WHICH WE WOULD HAVE TO REDUCE BY ABOUT \$150 MILLION.

"THE QUESTION OF THE PRECISE ITEMS TO BE CUT AND WHETHER

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THERE SHOULD BE A COMBINATION OF LESS CUTS AND ADDITIONAL TAXES IS NOT THE RESPONSIBILITY OF THE FUND TEAM BUT THEY TOOK THE VIEW THAT THEY SHOULD INSIST UPON A REDUCTION OF ABOUT \$150 MILLION. AND THEY INSIST THAT THE REDUCTIONS BE DONE IN WAYS WHICH THEY REGARD AS LASTING AND CERTAIN SO AS TO ENSURE THAT THE FULL EFFECTS OF THE CUTS ARE CERTAIN TO BE FELT IN THE 1980-81 BUDGET.

"TOGETHER WITH OUR EXPERTS, WE LOOKED AT THE ECONOMIC ASPECTS OF THINGS AND WEIGHTED THIS AGAINST THE SOCIAL ASPECTS IN

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TERMS OF WHAT ALL THESE CUTS WOULD MEAN TO PEOPLE: TO PARENTS, TO CHILDREN, TO WORKERS, TO FARMERS, TO STUDENTS, TO THE SICK, TO EVERYBODY. WE CAME TO THE CONCLUSION THAT IT WAS NOT POSSIBLE OR ADVISABLE THROUGH CUTS, NEW TAXES OR BY WHATEVER MEANS TO REDUCE THE DEFICIT BY MORE THAN \$100 MILLION. IT IS THIS DIFFERENCE OF \$50 MILLION THAT HAS CAUSED THE DISAGREEMENT.

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"LET ME TELL YOU WHAT WAS INVOLVED ONE WAY OF SAVING THE ADDITIONAL \$50 MILLION WOULD HAVE BEEN TO LAY OFF NEARLY 11,000 WORKERS IN OUR JUDGEMENT. THIS WOULD REPRESENT AN ADMINISTRATIVE DISASTER BECAUSE THERE ARE WHOLE AREAS OF THE GOVERNMENT WHICH SIMPLY COULD NOT RUN IF YOU HAD TO AXE 11,000 PEOPLE OUT OF THE SYSTEM.

"ANOTHER WAY SAVING THE FURTHER \$50 MILLION WOULD BE TO DO A COMBINATION OF THINGS INCLUDING REMOVING ALL SUBSIDIES FROM FOOD FROM JOBS, FROM FERTILIZERS; BRINGING THE JAMAL PROGRAM TO AN END, MAKING SAY ALL STUDENT AT UWI, CAST. JSA, AND OTHER TERTIARY EDUCATIONAL INSTITUTIONS PAY FULL TUITION FEES, AND AN ADDITIONAL THOUSANDS OF WORKERS WOULD STILL HAVE TO BE LAID OFF INCLUDING SOME SPECIAL EMPLOYMENT WORKERS.

"WE ARE FIRMLY OF THE VIEW THEREFORE THAT IT WOULD BE WRONG TO CUT AN ADDITIONAL \$50 MILLION.

"AS IT IS EVEN TO GET \$100 MILLION SAVINGS WE ARE GOING TO HAVE TO REDUCE SUBSIDIES ON FOOD, FERTILIZERS AND JOBS BUT NOT CUT THEM OUT TOGETHER. I REPEAT THAT TO CUT OUT AN EXTRA \$50 MILLION WE WOULD HAVE TO TAKE FURTHER ACTION WHICH WOULD VISIT TERRIBLE ADDITIONAL HARDSHIP ON PEOPLE AND IT WOULD BE THE POOREST PEOPLE AND WE WOULD HAVE TO ABANDON FUNDAMENTAL PRINCIPLES LIKE SEEING TO IT THAT TUITION AT ALL LEVELS OF THE EDUCATIONAL SYSTEM IS FREE SO THAT THE OPPORTUNITIES OF EDUCATION ARE AVAILABLE TO THE

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POOREST NO LESS THAN THE BETTER OFF AND WE ARE NOT PREPARED TO DO THIS.

"I AM MAKING THIS BROADCAST LATER THAN I HAD PLANNED BECAUSE THESE REPRESENT TERRIBLE PROBLEMS AND TERRIBLY DIFFICULT DECISION FOR US. WE THE GOVERNMENT HAVE DECIDED THAT IT IS NOT POSSIBLE AND IN FACT NOT NECESSARY TO VISIT THIS FURTHER SUFFERING ON LARGE SECTIONS OF THE SOCIETY.

"WHAT THEN ARE WE GOING TO DO? TWO THINGS.

"FIRSTLY WE ARE ENTITLED TO HAVE OUR APPLICATION FOR THE WAIVER GO FORWARD TO THE MANAGEMENT OF THE BOARD OF THE IMF EVEN THOUGH WE HAVE FAILED TO REACH AGREEMENT WITH THE FUND OFFICIALS WHO ARE IN JAMAICA. THE IMF TEAM RETURNS TO

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WASHINGTON TOMORROW AND WE WILL BE PRESENTING OUR PROPOSALS
NONETHELESS.

"WE BELIEVE THAT OUR PROPOSALS ARE ECONOMICALLY FEASIBLE.
WE KNOW THAT THEY MEAN FURTHER HARDSHIPS FOR THE PEOPLE BUT
THEY HAVE TO BE TAKEN IF THE COUNTRY IS TO SURVIVE ON
THE OTHER HAND THE MEASURES THAT WOULD HAVE TO BE TAKEN TO
EFFECT AN ADDITIONAL \$50 MILLION CUT WOULD BE UNBEARABLE
"WE ARE A MEMBER COUNTRY OF THE IMF AND ARE ENTITLED TO
FULL CONSIDERATION EVEN IF THE OFFICIAL TEAM DOES NOT AGREE
WITH OUR PROGRAMME. WE ARE PUTTING FORWARD THE PROGRAMME
BECAUSE IT WOULD BE OF GREAT IMPORTANCE TO JAMAICA TO GET
THE WAIVER THE PAYMENT OF THE FOREIGN EXCHANGE AND THE
KEEPING IN PLACE OF VARIOUS FORMS OF CREDITS WHICH ARE AVAILABLE TO
AND IMPORTANT FOR THE COUNTRY AND ITS ECONOMY AT THIS TIME.

"NEEDLESS TO SAY, WE HAVE TAKEN AND ARE CONTINUING TO
TAKE A NUMBER OF STEPS INTERNATIONALLY TO SECURE FOREIGN
EXCHANGE FOR THE COUNTRY WHILE THIS MATTER IS DEALT WITH BY
THE IMF AND ALSO TO SEEK THE NECESSARY SUPPORT FOR THE CASE
THAT WE HAVE PUT FORWARD.

"FOR EXAMPLE WE HAVE SECURED A LOAN OF US\$50 MILLION
THROUGH THE GOVERNMENT OF LIBYA WHICH WILL MAKE A SUB-

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STANTIAL CONTRIBUTION TO KEEPING THINGS MOVING THROUGH
FEBRUARY.

"IN THE MEANTIME, WE CALL ON ALL JAMAICANS WHO DO NOT
BELIEVE THAT THERE SHOULD BE A WANTON SACRIFICE OF HUMAN
NEEDS BECAUSE OF THIS CRISIS, TO SUPPORT OUR APPLICATION
FOR THE WAIVER ON OUR TERMS, THAT HAVE BEEN WORKED
OUT BY OUR LEADERSHIP AND BY OUR TECHNICIANS AND OUR
ECONOMISTS. WE ALL BELIEVE THAT OUR PROPOSALS ARE REASONABLE
AND JUST WHILE TAKING FULL ACCOUNT OF THE SERIOUS FINANCIAL
DIFFICULTIES OF THE PRESENT TIME.

"I WILL NOW TURN TO THE SECOND ASPECT OF THE QUESTION
WHAT ARE WE GOING TO DO?

"MORE THAN ANYTHING ELSE AT THIS TIME, IT IS MY SINCERE
BELIEF THAT JAMAICA NEEDS TO SETTLE THE QUESTION OF THE
ECONOMIC STRATEGY WHICH IS TO BE PURSUED IN THE IMMEDIATE
FUTURE. IT IS A TIME OF GRAVE ECONOMIC CRISIS. YET,
TOO FEW PEOPLE SEEM TO BE ABLE TO ACCEPT THAT FACT AS A
BASIS FOR CONSTRUCTIVE ACTION.

"TOO FEW PEOPLE SEEM TO UNDERSTAND THAT THE WORLD HAS
CHANGED RADICALLY IN THE LAST TEN YEARS AND THAT IT IS GOING
TO TAKE TREMENDOUS DISCIPLINE, SACRIFICE CO-OPERATION
AND EFFORT TO PULL OUT OF OUR INTERNAL DIFFICULTIES AND TO
DEAL WITH THAT NEW WORLD WHICH IS OUT THERE.

"FOR EXAMPLE THERE IS DEEP CONFUSION ANXIETY AND CON-
CERN ABOUT THE ROLE OF THE IMF. WHY IS IT HERE? WHAT PART
DOES IT PLAY.

AS I EXPLAINED EARLIER WE ARE APPLYING FOR A WAIVER
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UNDER THE EXISTING IMF PROGRAMME AND IN DUE COURSE WOULD BE
EXPECTED TO NEGOTIATE A NEW PROGRAMME OF ACTION AS PART OF A
BASIC AGREEMENT WITH THE IMF.

"I DO NOT BELIEVE THAT JAMAICA SHOULD MOVE FROM THE
STAGE OF A NEW PROGRAMME UNTIL IT HAS SETTLED THIS QUESTION
OF ITS ECONOMIC STRATEGY. YOU WILL RECALL THAT I EXPLAINED
BEFORE THE DIFFERENCE BETWEEN THESE TWO STAGE OF
"WAITER" AND "NEW BASIC AGREEMENT"

"I BELIEVE THAT THE COUNTRY NEEDS TO SETTLE AND DECIDE

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ITS ECONOMIC STRATEGY AND THAT WHEN THAT IS SETTLED, IT WILL
BE EASY TO UNDERSTAND WHAT PART THE IMF SHOULD PLAY OR
WHETHER IT SHOULD PLAY ANY PART AT ALL. WHAT MUST BE BROUGHT TO
AN END IS THE PRESENT STATE OF CONFUSION BECAUSE THE COUNTRY
HAS TO SETTLE DOWN ON A PATH AND UNDERSTAND THE EFFORTS THE
DISCIPLINE AND THE SACRIFICES THAT ARE NECESSARY TO THE
STRUGGLE.

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" ONCE THE PATH IS SETTLED, THERE IS A CHANCE THAT EVERY
THING ELSE WILL FALL INTO PLACE. IN FACT WE IN THE PEOPLES
NATIONAL PARTY ARE GOING TO RE EXAMINE THIS QUESTION OF ECON
OMIC STRATEGY AND PATH STARTING IMMEDIATELY.

"BECAUSE OF MY CONVICTION THAT THIS IS WHAT IS NECESSARY
AND IN THE INTEREST OF THE COUNTRY, I WISH TO ANNOUNCE THAT
AAS SOON AS THE ELECTORAL COMMITTEE CN WHICH BOTH PARTIES
ARE REPRESENTED, IS ABLE TO ADVISE ME THAT AN APPROPRIATE
NEW ELECTORAL SYSTEM IS IN PLACE, I SHALL CALL A NEW ELECTION.

"I WANT TO BE QUITE SPECIFICAM I MEAN THAT UPON THE
DAY ON WHICH THEY CERTIFY TO ME THAT THE NEW SYSTEM IS READY.
I SHALL ANNOUNCE NOMINATION DAY AND THE DATE OF THE ELECTIONS
WITH BOTH BEING AS SOON AS IS REASONABLE.

"I AM GOING TO INVITE THE OPPOSITION TO MEET THE GOVERNMENT,
IF POSSIBLE THIS WEEK TO DISCUSS WHAT STEPS CAN BE
TAKEN TO GET THE NEW SYSTEM IN PLACE AS QUICKLY AS POSSIBLE
CONSISTENT WITH THE IMPROVEMENTS WHICH ARE FELT TO BE
NECESSARY.

"I AM GOING TO ASK THE CHAIRMAN AND INDEPENDENT MEMBERS
TO PROCEED WITH THE EXERCISE AS QUICKLY AS POSSIBLE. THE
REPRESENTATIVE OF THE PNP ON THE COMMITTEE WILL BE AVAILABLE
TO SIT ON A DAILY BASIS, IF NECESSARY. I WILL ASK THE OPP-
OSITION TO CO OPERATE SIMIARLY.

" THE GOVERNMENT WILL NOT GO FURTHER THAN THE STAGE OF
THE IMF WAIVER APPLICATION BECAUSE WE FEEL THAT FUNDAMENTAL
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QUESTION ABOUT THE FUTURE MUST BE SETTLED FIRST. CONSE-
QUENTLY WE WILL NOT INTRODUCE A FULL BUDGET AT THE USUAL
TIME THIS YEAR BUT WILL PROVIDE A HOLDING BUDGET TO KEEP
THINGS GOING UNTIL THE ELECTIONS CAN BE HELD.

" ON THE ADVISE AVAILABLE TO ME, I BELEIVE THAT WE CAN
COMPLETE THE NECESSARY STEPS TO HOLD AN ELECTION UNDER
THE NEW SYSTEM BY OCTOBER. IT IS UNFORTUNATE THAT THE TIME
IS SO LONG BECAUSE THERE IS MUCH TO BE DONE IN THE ECONOMY
AND THE SOONER WE SETTLE A CLEAR NATIONAL LINE OF ACTION
BASED UPON SERIOUS DECISION, THE BETTER FOR EVERYBODY. ON
THE OTHERHAND WE HAVE TO ALLOW THE TIME FOR ELECTORAL RE-
FORM BECAUSE IT IS VITAL THAT EVERYBODY SHOULD ACCEPT THE

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RESULTS OF THE ELECTIONS AND UNITE AROUND A COURSE OF ACTION
CHOSEN BY THE MAJORITY OF THE PEOPLE.

"MEANTIME THE GOVERNMENT WILL CONTINUE TO CARRY OUT ITS
TASK FIRMLY AND WITH ENERGY. WE WILL BE PRESSING ON WITH
URGENT DEVELOPMENT IN AGRICULTURE, BAUXITE, TOURISM AND
OTHER AREAS OF THE ECONOMY.

"AS A CONSEQUENCE OF THIS COURSE OF ACTION IT WILL NOT
BE POSSIBLE TO FINALIZE CONSTITUTIONAL CHANGE UNTIL AFTER
THE ELECTION. ONE WOULD NOT NORMALLY DO THIS, BUT I THINK
THAT NATIONAL PRIORITIES ARE CLEAR. I AM SURE THAT THE
GOVERNMENT AND THE OPPOSITION WILL BE ABLE TO WORK OUT A SENSIBLE
SOLUTION TO THIS PROBLEM IN THE COURSE OF THE
DISCUSSION ABOUT THE PREPARATION FOR THE NEW ELECTIONS.

"WE PREPARE FOR A NEW ELECTION CERTAIN THINGS WILL BE
VERY IMPORTANT.

"FIRSTLY IT IS IMPORTANT FOR THE COUNTRY TO BE UNITED
IN SUPPORT OF THE APPLICATION FOR THE IMF WAIVER WITHOUT
THE \$50 MILLION OF CUTS WHICH WOULD MEAN SUCH HARDSHIP AND
SUFFERING FOR SO MANY PEOPLE.

"SECONDLY, IT IS IMPORTANT FOR EVERYONE TO CO OPERATE
AND SHOW DISCIPLINE AND GOOD SENSE IN THE NATIONAL INTEREST.

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PARTICULARLY AT THIS TIME OF GREAT NATIONAL DIFFICULTY,
AND PARTICULARLY WHEN THE COUNTRY WILL NEED TO WEIGH THE
CHOICES FOR THE FUTURE WITH EXTREME CARE.

"THIRDELY, IT IS MOST IMPORTANT THAT THE POLITICAL PAR-
TIES SHOULD ADDRESS THE QUESTION OF ECONOMIC STRATEGY IN-
CLUDING QUESTIONS LIKE THE ROLE OF THE IMF SO THAT THE PEOPLE
CAN UNDERSTAND THE REAL ISSUES AND MAKE A REAL CHOICE.

"I AM WELL AWARE THAT I HAVE THE RIGHT UNDER THE CON-
STITUTION TO TREAT THE DATE OF THE ELECTION AS A CLOSE SECRET
TO BE SPRUNG UPON THE COUNTRY WITHOUT PRIOR NOTICE
BUT I DO NOT BELIEVE THAT IS A TIME FOR CLEVER TACTICS.
I THINK THE COUNTRY NEEDS TO KNOW THAT THE HOUR OF DECISION
IS COMING ALLOWING FULL TIME FOR SERIOUS NATIONAL DEBATE
AND CONSIDERATION OF ALTERNATIVES.

"NO COUNTRY CAN ACHIEVE GREATNESS WITHOUT A CLEAR
PATH. ONLY THE EARLIEST POSSIBLE ELECTION CAN
SETTLE THE PATH. WE OF THE PEOPLES NATIONAL PARTY ARE PRE-
PARED TO FACE THE TEST AND WE WILL PROPOSE OUR PATH IN GOOD
TIME.

"EVERY PATRIOTIC JAMAICAN OF WHATEVER PARTY OR WHAT-
EVER WALK OF LIFE HAS A CLEAR DUTY TO HELP US REACH THE HOUR
OF DECISION AS QUICKLY AS POSSIBLE AS CALMLY AS POSS-
IBLE, APPLYING THEIR BEST JUDGEMENT TO THE GREAT CHALLENGES
OF THE FUTURE.

"ABOVE ALL, WE MUST DECIDE HOW TO UNITE THE NATION
UPON A BASIS OF A CLEAR CHOICE BY THE MAJORITY AND GO FOR-
WARD TOGETHER AS ONE PEOPLE. GOOD NIGHT AND MAY GOD BLESS

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YOU ALL".
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